



Protean Energy Limited Quarterly Update

April 2011

Protean Energy Limited is pleased to report that significant progress has been made since the inaugural capital raise to initial shareholders through the Information Memorandum. The funding was oversubscribed and closed at AUD\$1.25 million. Primary focus has remained on asset protection, skills retention, product completion, strategic alliances and sales opportunities.

HIGHLIGHTS INCLUDED

- ➔ Conclusion of Protean Energy's legal obligations to complete the Deed of Company Arrangement for Protean Power Pty Ltd's assets through PricewaterhouseCoopers.
- ➔ Protection of assets including transfer of patents and trademarks to a wholly owned subsidiary of Protean Energy Limited.
- ➔ Assurance of continuity of key service providers, including patent attorney and professional advisors.
- ➔ Completion of independent verification of prototype test results by Murdoch University.
- ➔ Engagement of corporate advisors Corpac Partners for the Australian Securities Exchange (ASX) listing process.
- ➔ Strong progress on preparations to complete an Initial Public Offering (IPO) in mid 2011¹.
- ➔ Engagement of US Business Development and project management team.
- ➔ Reconnection with key global industry leaders and reinvigoration of earlier business development opportunities.
- ➔ Commencement of discussions with interested potential customers for site deployment of Protean technology.
- ➔ Commissioning of an independent analysis of commerciality of the Protean technology, including full onshore grid connectivity and project costs for a projected 20 year pilot farm, with leading engineering firm SKM.

¹ It is Protean's current intention to seek listing of Protean's securities on the ASX. However, this is only the current intention of the board and no express or implied undertaking is given that Protean's securities will be listed on any stock exchange, or by any of the indicative dates of such listing as contained in this newsletter. Please note that a Prospectus will be made available when securities are offered and investors that wish to participate will be required to complete an application form that will accompany the Prospectus.

CEO UPDATE

As you know, Protean's new management team of Sean Moore, Paul Niardone, Derek Bone, and John Ceccon is progressing with plans to fulfill Sean Moore's vision of providing ocean wave energy that is consistent, affordable and clean.

The objective is to develop Protean Energy Conversion Platforms (ECP), approximately 4.5 metres in diameter, which will range in power generation of approximately 75, 150 and 300 Kilowatts (kW) of electricity for either onshore grid requirements, or offshore special purpose needs.

The proposed Protean unit is modular, providing scalable solutions, and it is believed that it will be an extremely cost competitive system for energy production. Independent engineering studies are being conducted to investigate the commerciality and competitiveness of 'farms' of Protean units; fully connected to onshore grids – developed without any government grants or subsidies. This is a major market differentiator in the renewable power sector.

In the future, a Protean unit, equipped with a modular desalination unit, may also be tested to supply fresh drinking water. Interest has been expressed by potential customers for the treatment of drinking water, irrigation water and storm water.

CURRENT ACTIVITIES

In January 2011 our management team completed a highly successful visit to Hawaii and the United States mainland, in association with the Australian Trade Commission (Austrade) for the G'Day USA initiative.

HIGHLIGHTS INCLUDED

- Attendance at the Hawaiian Renewable Energy forum and associated meetings/reconnections with major Hawaiian utilities and engineering contractors.
- Invitational presentation at the Verde Exchange green technology conference in Los Angeles and meetings with global renewable energy leaders.
- Meetings in Silicon Valley and the San Francisco Bay area with complementary global technology firms, venture capitalists and public utility companies.

Since returning to Australia, Protean has been extremely busy in planning an Initial Public Offer with a view to listing on the ASX in mid 2011. The IPO is being managed by the firm of Corpac Partners. www.corpac.com.au

To support Protean's future revenue objectives, we now have strong teams in both the U.S. and Australia. The U.S. team is led by William Lyte of Technoplex, Inc., who has been involved with Protean since the outset of its U.S. initiatives in 2008. He is active in all U.S. programs discussed in this newsletter and will be representing Protean at the April 27-29th Global Marine Renewables Conference in Washington, D.C.

PROTEAN'S RESEARCH AND DEVELOPMENT PROGRAM

Success in the wave energy sector requires a skilled team of technical specialists, which Protean has begun to assemble. Our technology must be verified for power generation capability, cost of manufacturing and deployment in ocean environments, which typically may become very harsh.

To prepare for the build and deployment of a full scale Protean device off Perth, Murdoch University, a leader in sustainable practices and technology, was retained in 2010 to analyse results verifying the wave power technology underpinning Protean's 1/3rd scale prototype. This was previously tested in deployment off Perth in both mild conditions and sea states of up to 4-metre waves accompanied by up to 40 knot winds. Survivability is a critical concern for the ocean wave energy market as a whole and this has been factored into our product design.

For deployment of Protean systems in offshore installations, the Company is in discussions with a world leader in offshore electrical cabling and anchoring systems. This organisation has managed complex offshore assignments worldwide, including extensive work at U.S. Navy facilities.

Separately, an Australian global engineering firm: Sinclair Knight, and Merz (SKM), was recently retained to complete an Independent Expert's Report detailing the known residual risks to be managed going forward and to quantify the commerciality of the Protean solution for energy production with full onshore grid connectivity.

To expand U.S. research funding for Protean deployments, the company has retained Electricore, Inc.: a U.S.-based federal grants program management firm.

Electricore has managed more than \$100 million of U.S. federal grants, primarily for the U.S. military. Electricore, on behalf of Protean, has submitted a first phase research proposal to the U.S. Department of Defense.

PROTEAN OCEAN ENERGY MEASUREMENT/DEMONSTRATION PROJECTS IN THE US

OPPORTUNITY TO SAVE TIME AND ACCELERATE CASHFLOW

Since Sean Moore's first visit to the United States in January 2008, there has been interest expressed by many coastal cities, utility agencies and ports for Protean to test a unit. Through our U.S. partners, the discussions with these locales are now advancing for the formalisation of the requirements, timing and planning for the implementation of Protean units. This will initially focus on wave energy measurement to determine the scope for suitable pilot implementations. This is subject to successful testing in WA.

Each of these projects will require partnering with a local agency and power utilities for the deployment of a Protean unit. Assuming success, these individual units may then become the hub for a larger, multi-Protean unit, installation.

Given the scale of opportunity available to Protean now for deploying units with potential clients, and to take advantage of optimal, seasonal ocean testing conditions in WA, the board is investigating avenues for funding an advance build program to shave an expected 3 months off existing schedules.

FOR FURTHER INFORMATION, PLEASE CONTACT:

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